

PSJ3
Exhibit 589

Memo



CardinalHealth

Cardinal Health
7000 Cardinal Place
Dublin, OH 43017
main 614.757.5104
fax 614.757.5826

michael.mone@cardinal.com

Date February 17, 2009
To Mark Hartman
From Michael A. Moné,
Subject: CVS First Pass and Hydrocodone purchases at year end 2008

After a review of the analysis of the CVS hydrocodone [a schedule III controlled substance] purchases through First Pass during 2008 it is readily apparent that the purchases of hydrocodone during the last calendar quarter of 2008, while significantly increased from their purchases during the remainder of 2008 do **not** [emphasis supplied] rise to the level of suspicious as that term is defined in 21 CFR § 1301.74(b).

The orders however do identify a concern as the First Pass process bled the system dry and CVS was able to strip hydrocodone inventory from Cardinal Distribution creating hundreds of threshold events and inventory problems in the supply chain. These orders created a less than stellar customer experience for all of our customers other than CVS. Interestingly the data supports the identification how a customer with 5000+ stores can make small purchases across its own operation and create a devastating shortage on the remainder.

CVS was very selective in its inventory capture in that it predominantly focused on one drug product the 5-500 strength [the most commonly prescribed strength of the most commonly prescribed drug product in the United States]. An algorithm or limiter or a plan to include First Pass orders in the SOM system should be considered to reduce the potential for another system effect during the next shortage of controlled substances.